

The headings contained in this framework for terms of engagement are based directly upon the list of mandatory required content set out in VPS 1 para 3.1, page 39 and the commentary which follows on pages 40 to 49 of RICS Valuation – Global Standards 2017.

TERMS OF ENGAGEMENT

Name of the firm

Identification and status of the valuer	<p>Name:</p> <p>Qualifications:</p> <p>Registered valuer status:</p> <p>Experience and expertise:</p> <p>Internal / external status: (if applicable)</p> <p>Rotation policy (if applicable)</p> <p>Previous involvement with the property or parties to the case:</p> <p>Declaration of independence and objectivity:</p>
Client and any other users	<p><i>(Full name and address. Make sure you identify who your client is and therefore to whom you have a duty of care. Valuations are often requested by intermediaries. Also declare if there are any other parties who have the right to use the report).</i></p>
Property to be valued	<p>Address of the property:</p> <p>Interest to be valued:</p> <p>Tenancies, if any:</p>
Currency	<p><i>(State the currency in which you will report value)</i></p>
Purpose of Valuation	<p><i>(State the precise end use of the valuation i.e. what the client is going to do with the valuation. This will inform you as to what regulation and guidance you must follow. It will tell you the appropriate basis of value, valuation date and any special assumption. It will determine the appropriate level of inspections and enquiries and the allied assumptions. It also assists in agreeing the extent of your liability for the use of the valuation).</i></p>
Basis of Value	<p><i>(Delete as appropriate. Market Value and Market Rent are included here for ease of reference. If another basis of value is to be used it should be stated with its current IVS definition taken from Red Book VPS 4)</i></p> <p>The following definitions of Basis of Value will be used. They are derived from the International Valuation Standards.</p> <p>Market Value.</p>

	<p>The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.</p> <p>Statutory definition of Market Value (capital gains tax, inheritance tax and stamp duty land tax).</p> <p>Summary definition derived from legislation: 'The price which the property might reasonably be expected to fetch if sold in the open market at that time, but that price shall not be assumed to be reduced on the grounds that the whole property is to be placed on the market at one and the same time.' (Source: section 272 Taxation and Chargeable Gains Act 1992. Section 160 Inheritance Tax Act 1984, Section 118 Finance Act 2003).</p> <p>Market Rent.</p> <p>The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.</p> <p>Our assumptions of what are 'appropriate lease terms' for this property will be set out in our report.</p>
Valuation date	<i>(You must choose a specific date. That can be 'date of report' or 'date of inspection' if that is what has been agreed. Some purposes will require a specific date e.g. date of death or a financial year end).</i>
Special Assumptions	<i>(Special Assumptions are those things which are not true but will be assumed to be true e.g. vacant possession when the property is in fact occupied, or that planning consent has been obtained, or that building works are completed. For further guidance see Red Book VPS 4.8).</i>
Assumptions And extent of investigations and any limitations on the scope of work	<p><i>(For guidance see Red Book VPGA 8. This section should define the scope and depth and method of all investigations including site inspection and desktop enquiries into matters affecting value. In other words it defines and limits the due diligence you will carry out in preparing the valuation and will state the assumptions you will make to cover the limits of your due diligence. The following list of matters which are often not fully investigated is derived from VPS 4.2. It is not exhaustive and is offered only as a guide.</i></p> <p>Title:</p> <p>Condition of buildings:</p> <p>Services:</p>

	<p>Planning:</p> <p>Highways</p> <p>Contamination and hazardous or deleterious materials:</p> <p>Environmental matters:-</p> <p>Mining:</p> <p>Flooding:</p> <p>Radon gas:</p> <p>Sustainability:</p> <p><i>(See www.communities.gov.uk Requirements for energy performance certificates (EPCs) when marketing commercial (non-domestic) properties for sale or let)</i></p> <p><i>(You may also wish to consider making statements under the headings Local property tax, Fire, Disabled access, Coastal erosion, Brine extraction and any other matters which affect value which may be relevant to the particular property and location).</i></p>
Source of information	<i>Here state the likely sources of information you will use and the extent to which you will check the information and rely on it.</i>
Restrictions on publication	
Third party liability	
RICS Valuation Standards (and departures from those standards)	<p>The Valuation and Report will be prepared in accordance with the RICS Valuation – Global Standards 2017.</p> <p>OR:</p> <p>In accordance with your instructions in preparing our valuation report we will depart from the mandatory requirements of Red Book in the following regards:</p>

Description of report	<p><i>(Here describe the report you will produce, its format, number of copies etc.) The report will comply with the requirement for minimum content of VPS 3.2.</i></p> <p><i>(or, for example when reporting to a lender)</i></p> <p>When reporting we will use the template report form provided by you for the purpose which complies with the requirement for minimum content of VPS 3.2 or When reporting we will use the template report form provided by you for the purpose. The report makes the following departures from the required minimum content of VPS 3.2 as follows</p> <p>Or</p> <p>When reporting we will comply with the requirement for minimum content of VPS 3.2 and will also include the additional reporting requirements for commercial secured lending set out in VPGA 2</p> <p>Or</p> <p>When reporting we will comply with the requirement for minimum content of VPS 3.2 and will also comply with the requirements for residential secured lending of UK VS 3.1 and UK Appendix 10.</p> <p><i>(Or specify the particular reporting content for the purpose of the valuation).</i></p> <p>The report will be made available in hard copy form / pdf / drop box / email / <i>(confirm the detail as appropriate).</i></p>
Fee	<p><i>(Here state the fee or the basis of its calculation. Any other conditions such as termination of instructions should be dealt with under terms of business).</i></p>
Complaints	<p>The firm operates a Complaints Handling Procedure in accordance with RICS guidelines. A copy is available upon request.</p>
RICS Monitoring.	<p><i>The firm and valuer are registered with RICS Valuer Registration. Please note that our files may be subject to monitoring under the institution's conduct and disciplinary regulations.</i></p>
Limitations on liability	<p><i>(Here state any limitation on your liability for the valuation which have been agreed with the client).</i></p>
Terms of Business	<p><i>(Here state any other Terms of Business your firm may operate. For example, payment timeframe and method, or arrangements for interim payment of fees or expenses, or cancelation of instructions or limitation of liability for consequential damages and so</i></p>

	<p>on).</p> <p>For RICS advice on PII risk management see: www.RICS.org</p>
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We accept these terms of engagement as an accurate summary of the instructions to provide a valuation.

Signed (Firm)

Signed (Client)

For and on behalf of (Firm)

For and on behalf of (Client)

Dated

Dated

DISCLAIMER

“These documents are intended as a general framework only to assist suitably qualified valuation practitioners to comply with the requirement for minimum content of terms of engagement and valuation reports specified in VPS 1 and VPS 3 of RICS Valuation – Global Standards 2017. RICS makes no representation as to their suitability to any particular situation or set of circumstances. The practitioner shall need to exercise their own skill and judgment to form a view as to their suitability to a given situation and will need to tailor them as they see fit in each case. Please note that the documents have been designed as a single suite and are intended for use in conjunction with each other and as such we recommend that care is taken to ensure that the individual documents remain consistent with each other. In particular, it is recommended that special care is taken to ensure statements describing the scope and depth of inspection and investigations and the attendant valuation assumptions referred to within the terms of engagement are consistent with corresponding statements made within the valuation report itself.”